

### **REMARKS**

This responds to the Office Action mailed on June 1, 2007. Applicant does not admit that the cited references are prior art and reserves the right to “swear behind” each of the cited references as provided under 37 C.F.R. 1.131.

#### **§103 Rejection of the Claims**

Claims 1-26 were rejected under 35 U.S.C. § 103(a) as being unpatentable over French (U.S. 6,263,447) in view of Woolston (U.S. Publication No. 2005/0033655).

Applicant submits that the Office Action has not established a *prima facie* case of obvious vis-à-vis claims 1-26.

The Examiner has the burden under 35 U.S.C. § 103 to establish a *prima facie* case of obviousness. *In re Fine*, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In order for the Examiner to establish a *prima facie* case of obviousness, three base criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant’s disclosure. (Emphasis added.)

M.P.E.P. § 2142 (citing *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed.Cir. 1991)).

Recently, the Supreme Court reaffirmed the validity of the “teaching, suggestion, motivation” test in *KSR Int’l Co. v. Teleflex Inc.*, No. 04-1350 (U.S. Apr. 30, 2007) and guidance provided in a PTO Memo of May 3, 2007 recognizes this holding. In addition, the PTO Memo of May 3, 2007 indicated that “analysis supporting a rejection under 35 U.S.C. § 103(a) should be made explicit,” citing the Court’s decision. Further in *KSR*, the Supreme Court cited *In re Kahn*, 441 F.3d 977, 988 (CA Fed. 2006), which held that “rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated

reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR Int’l Co. v. Teleflex Inc.*, No. 04-1350 (U.S. Apr. 30, 2007).

In the Response to Arguments section, the Office indicated the following regarding the combining of French and Woolston: “In this case, French and Woolston references are directed to authentication and verification of the identity of network users.” Office Action at page 7. Applicant respectfully traverses this assertion. Woolston generally relates to “used and collectible goods offered for sale by an electronic network of consignment stores.” Woolston at [0001]. French generally relates to “authenticating the identity of network users.” French at column 1, lines 22-23. Woolston does relate to verification of a user for participation in the consignment stores. However, Woolston does not disclose or suggest the assigning of verification ratings to a user during registration (as recited in the pending claims).

The Office also indicated the following regarding the motivation to modify French:

It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify French to include that said registering step is conducted in an auction environment, as disclosed in Woolston, because it would advantageously provide the excitement of a "live" auction house type atmosphere to remote participants in an electronic auction, as specifically taught by Woolston [0006].

Office Action at page 3.

Applicant submits that this stated reason lacks insufficient rational underpinning to support the modification of French. The stated reason seems to be that one of ordinary skill in the art would modify a reference related to “authenticating the identity of network users” (French at column 1, lines 22-23) to enable this authentication “to be conducted in an auction environment . . . because it would advantageously provide the excitement of a "live" auction house type atmosphere to remote participants in an electronic auction.” There is nothing in French regarding auctioning. Further, there is nothing in French that would provide such authentication in an auctioning environment.

Moreover, the Examiner must avoid hindsight. M.P.E.P. § 2143.01 (citing *In re Gordon*, 733 F.2d 900, 221 U.S.P.Q. 1125 (Fed. Cir. 1984)). That is, the Examiner cannot use the Applicant’s structure as a “template” and simply select elements from the references to

reconstruct the claimed invention. See *In re Gorman*, 933 F.2d 982, 987, 18 U.S.P.Q.2d (BNA) 1885, 1888 (Fed. Cir. 1991). The fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 16 USPQ2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01.

In this case, hindsight is required to associate the teachings of French with Woolston, because none of these references teach solving the problems presented by the Applicant for a network-based auction facility. Thus, one would not be motivated to make the combination of French with Woolston.

Thus, the Office has not established a *prima facie* case of obviousness under 35 U.S.C. §103. Therefore, Applicant respectfully submits that the rejection of claims 1-26 under 35 U.S.C. §103 has been overcome.

#### Claim 27

Claim 27 was rejected under 35 U.S.C. § 103(a) as being unpatentable over French et al. in view of Harrington et al. and further in view of Ng (U.S. 6,405,175). In addition to the remarks for claim 1 (from which claim 27 depends), Applicant respectfully submits the following remarks. Applicant submits the Office Action has not established a *prima facie* case of obvious because the cited references do not teach or suggest all the claim limitations.

Among the differences, claim 27 recites “allowing a second user of the network-based auction facility to access an indicator of verification of the user.” In the Response to Arguments section, the Office indicated that this limitation is disclosed by Ng at col. 14, lines 12-15. Applicant respectfully traverses this assertion. This section of Ng relates to users given “accuracy ratings based on the number of errors that have been detected in their product submissions, or based on feedback comments by other users.” Ng at column 14, lines 12-15. This section of Ng does not disclose the above cited claim limitation for at least two reasons. First, the ratings in this section of Ng are for accuracy of input by users into the system (not for verification of the user based on input during registration). Second, this section of Ng does not disclose that the accuracy ratings are disclosed among users.

Because the Office Action has not established a *prima facie* case of obviousness under 35 U.S.C. §103, Applicant respectfully submits that the rejection of claim 27 under 35 U.S.C. §103 has been overcome.

#### Claim 28

With regard to claim 28, in addition to the remarks set forth above regarding claim 1 (from which claim 28 depends), Applicant respectfully submits the following remarks. With regard to claim 28, among the differences, claim 28 recites “wherein the predetermined threshold is proportionate to at least one of a size of the network-based transaction facility and a type of operation of the network-based transaction facility.” In the Response to Arguments section, the Office indicated that French teaches this limitation at column 2, lines 60-61. These cited sections of French relate to the level of authentication being dependent on the size of the purchase – “For example, in the context of electronic commerce, lower risk transactions such as relatively small purchases may not require an extensive authentication process.” French at column 3, lines 1-3. Thus, French’s level of authentication is dependent on the size of the purchase. These cited sections of French do not disclose or suggest that a threshold is proportionate to a size or type of operation of the facility. Thus, the Office has not established a *prima facie* case of obviousness under 35 U.S.C. §103. Therefore, Applicant respectfully submits that the rejection of claim 28 under 35 U.S.C. §103 has been overcome.

#### Allowable Subject Matter

Applicant acknowledges and thanks the Examiner for the allowability of claim 29.

### **Reservation of Rights**

In the interest of clarity and brevity, Applicant may not have addressed every assertion made in the Office Action. Applicant's silence regarding any such assertion does not constitute any admission or acquiescence. Applicant reserves all rights not exercised in connection with this response, such as the right to challenge or rebut any tacit or explicit characterization of any reference or of any of the present claims, the right to challenge or rebut any asserted factual or legal basis of any of the rejections, the right to swear behind any cited reference such as provided under 37 C.F.R. § 1.131 or otherwise, or the right to assert co-ownership of any cited reference. Applicant does not admit that any of the cited references or any other references of record are relevant to the present claims, or that they constitute prior art. To the extent that any rejection or assertion is based upon the Examiner's personal knowledge, rather than any objective evidence of record as manifested by a cited prior art reference, Applicant timely objects to such reliance on Official Notice, and reserves all rights to request that the Examiner provide a reference or affidavit in support of such assertion, as required by MPEP § 2144.03. Applicant reserves all rights to pursue any cancelled claims in a subsequent patent application claiming the benefit of priority of the present patent application, and to request rejoinder of any withdrawn claim, as required by MPEP § 821.04.

**CONCLUSION**

Applicant respectfully submits that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone Applicant's attorney at (612) 371-2103 to facilitate prosecution of this application.

If necessary, please charge any additional fees or credit overpayment to Deposit Account No. 19-0743.

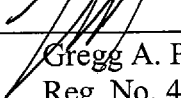
Respectfully submitted,

ALEX DAI-SHUN POON

By his Representatives,

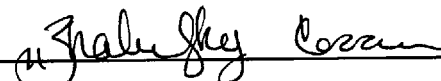
SCHWEGMAN, LUNDBERG, WOESSNER & KLUTH, P.A.  
P.O. Box 2938  
Minneapolis, MN 55402  
(612) 371-2103

Date 8-1-07

By   
Gregg A. Peacock  
Reg. No. 45,001

**CERTIFICATE UNDER 37 CFR 1.8:** The undersigned hereby certifies that this correspondence is being filed using the USPTO's electronic filing system EFS-Web, and is addressed to: Mail Stop After Final, Commissioner of Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on this 1<sup>st</sup> day of August 2007.

Zhababazhy M. Carrion  
Name

  
Signature